

# **COUNTY OF FAUQUIER**

## **OFFICE OF THE COUNTY ADMINISTRATOR**

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July 1, 2002

Honorable Board of Supervisors and Citizens of Fauquier County

The budget for Fiscal Year (FY) 2003, adopted on March 25, 2002, has been prepared in accordance with Chapter 4 of Section 15.2 of the Code of Virginia. The Adopted Budget represents the official County plan of revenues and expenditures for the Fiscal Year of July 1, 2002 through June 30, 2003.

According to Virginia Code, a County budget is developed for “informative and fiscal planning purposes only”. It is prepared and developed as a plan of County operations, maintenance, capital outlay and debt service for a one-year period. The budget is designed to present plans for all estimated expenditures, revenues and issuance of debt. In other words, the County budget is a work plan, expressed in terms of dollars, representing a tool for fiscal management.

### **BACKGROUND**

Major emphasis from the Board of Supervisors in developing the FY 2003 Budget was to enhance support for public education, expand public safety coverage, and minimize the impact of taxes on County citizens. This was to be accomplished while maximizing the use of available resources in addressing the many other important operational issues facing the County government. This challenge was even more noteworthy considering the slowing economic conditions and the impact this had on State funding for both the General County Government and the School Division. The quadrennial real estate assessment completed in FY 2002 reflected a significant increase in property values along with the increasing growth in residential and commercial property. Despite this difficult situation, Fauquier County has successfully met this challenge for FY 2003. With a decrease in the overall real estate tax rate from \$1.06 to \$.99 per \$100 of assessed value, all essential requirements have been funded. Accomplishing a portion of this effort required the reduction of the General Fund real estate tax rate from \$.99 to \$.92, while retaining the \$.07 Fire and Rescue Services Levy. The funding impact of the \$.07 will allow for increased contributions to the Fire and Rescue Companies and additional full time emergency service staff.

Fauquier County has achieved these budget goals while returning the real estate tax rate to the FY 1994 level. Concern for the taxpayer is demonstrated in the effort to minimize local tax impact. Each year, programs and services supported by the County’s budget compete fiercely

with one another for finite resources. In addition to the impact of citizen requests for increased services, the costs of current services continues to grow. While the County is not realizing any great increase of revenues, stability in the County's financial position has been achieved. This achievement was obtained by a determination to spend within existing revenue levels and without using prior year fund balance.

For FY 2003, continued enhancements to citizen involvement and the use of the Internet were instrumental in improving the budget as a policy document and financial plan.

- Citizen involvement included expanded participation in numerous budget-working groups, namely: Teacher Compensation Task Force, Capital Improvements Program Committee and the Team Based Budgeting Committee that prioritized all new budget initiatives. Citizen involvement in the process allows the County to benefit from the perspective of a taxpayer when developing the budget. Each of these organizations had a significant impact in the determination of the final budget.
- An Internet web page has been established to provide both citizens and County staff budget timelines, status information and a budget summary during the development process. For FY 2003, the budget can be accessed through the Internet or is available on CD. Use of the Internet as a mode of communication with citizens on budget issues will continue to expand in the future to include surveys and responses to budget related inquiries.

Improvements for the budget year have been achieved by the County in spite of the impact of adverse external influences, such as increases in unfunded mandates, reductions in State funding, uncertainties in the economy and the changing expectations of government in recent years. The fact that Fauquier County has been able to avoid reductions in essential support to our citizens while increasing critical service and reducing tax rates is a reflection of the quality of our planning and the success of our commitment to efficient government.

### **REVENUE PLAN**

Total taxable real property assessment values for Calendar Year (CY) 2002 are \$5.1 billion, an increase of \$1.2 billion over CY 2001. Real property taxable parcels for CY 2002 total 28,233 or 2.8 percent over CY 2001. FY 2002 saw the quadrennial reassessment of real property, which resulted in a 30.7 percent increase in taxable property over CY 2001. Based on this reassessment, the real property tax rate was lowered from \$.99 to \$.92 cents per \$100 of assessed value for general operations and the special Fire and Rescue Levy remained at \$.07 per \$100. The next reassessment is scheduled for FY 2006.

The personal property tax rate has remained unchanged at the 1998 level of \$4.65 per \$100. For FY 2003, the tax rate on boats has been lowered to that of recreational vehicles at \$1.50 per \$100.

To mitigate the tax burden on senior citizens, the Board of Supervisors recently approved increasing the income and net worth level of qualification for the Tax Relief for the Elderly Program to the State's maximum authorized levels.

State funding, due to the slowing economy, was reduced for the General County Government and the School Division in a number of areas from FY 2002 funding levels. The Board of Supervisors offset the loss of State revenue for key operations with local revenue.

Reflecting the Board of Supervisors' continued financial conservatism, the FY 2003 budget does not contain any use of fund balance to support continuing operations. One of the County's principle financial policies is to establish and maintain an unreserved, undesignated General Fund balance of not less than 10 percent of General Fund Revenues. The undedicated, unreserved fund balance as of June 30, 2001, was 15.7 percent of revenue.

### **EXPENDITURE PLAN**

The FY 2003 Expenditure Plan for all County funds is \$156.4 million, an increase of \$21.0 million or 15.5 percent greater than the FY 2002 Adopted Budget. This increase is primarily attributed to support for the School Division, public safety, maintenance and construction of facilities and planned expansion of the Warrenton - Fauquier Airport.

### **General Fund**

The General Fund expenditure plan, excluding Schools, totals \$37.3 million, an increase of 3.6 percent or \$1.3 million. Education continues to be identified as a high priority with a budget allocation of \$83.2 million including a local funding commitment of \$59.0 million. Support to education has increased by 13.1 percent over the FY 2002 Adopted Budget amount. The transfer to the School Division represents 61.3 percent of the General Fund appropriations, not including the allocation of shared services, which represents an additional \$5.3 million of local support. The percentage of General Fund appropriations supporting the School Division has increased by 2.1 percent from the FY 2002 level of 59.2 percent.

### **Personnel**

The FY 2003 Adopted Budget includes several changes in personnel related costs. These include staffing adjustments and salary and benefit issues.

General Fund Staffing Adjustments:

#### **Positions Added**

Office Associate II	*	Budget Office
Office Associate II	*	Commonwealth's Attorney
Construction Assistant		General Services
Social Worker-Child Protective Services		Social Services
Program Manager		Social Services
Deputy Sheriff (6)		Sheriff's Office

## Other Funds Staffing Adjustments:

### Positions Added

Convenience Site Attendants (3)**	Environmental Services (Landfill)
Landfill Gate Attendant**	Environmental Services (Landfill)
Office Associate I**	Environmental Services (Landfill)
Firefighter/Paramedics (5)	Fire and Rescue

\* *Part Time Temporary to Part Time Permanent.*

\*\**Full Time Temporary to Full Time Permanent.*

Employee compensation and health insurance costs received priority for FY 2003. The system-wide Pay for Performance Program was initiated in FY 2001 to improve employee retention. The merit pay pool for FY 2003 is an average of four percent per employee. This is somewhat lower than last year's pool of five percent. Actual compensation awards will range higher and lower based on the results of the merit evaluations. While other local jurisdictions are proposing, and in some cases have actually approved higher pay packages, the economic conditions precluded a more generous compensation amount. To mitigate an increase to employee health care costs, the employer will absorb the projected increased cost to the program for FY 2003. Some adjustments to benefits and co-pays were included to assist in addressing the increasing cost of health care.

### **General Government Administration**

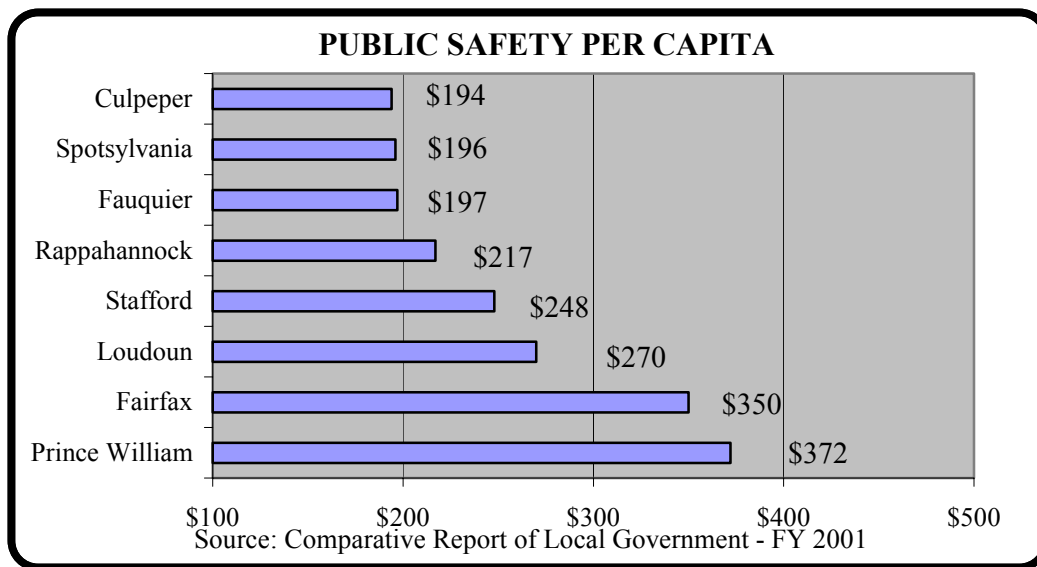
General Government Administration represents 7.1 percent, or \$6.9 million of the total General Fund expenditures. General Government Administration includes 12 different departments: Board of Supervisors, Commissioner of the Revenue, County Administration, County Attorney, Finance, Independent Auditor, Information Resources, Budget Office, Human Resource Management, Geographic Information Systems, Registrar and the Treasurer. The FY 2003 General Government Administration budget increased 8.2 percent from FY 2002, primarily due to increased support to the Information Resources (IR) Department. This additional support is necessary in order to enhance services and information to County residents through use of the Internet. FY 2003 will also see the first full year of IR reorganization, with the Geographic Information System section becoming a separate department in order to concentrate its efforts in support of the departments of Community Development and the Commissioner of the Revenue on land related issues.

### **Judicial Administration**

Judicial Administration related appropriations of \$2.2 million represent 2.2 percent of the total General Fund budget. This is an increase of 8.4 percent over the FY 2002 funding level. This category includes Adult Court Services, Circuit Court, Clerk of the Circuit Court, Commissioner of Accounts, Commonwealth's Attorney, General District Court, Juvenile and Domestic Relations Court, Law Library and the Magistrates. Adding an accounting clerk during FY 2002 and increased funding support to the Clerk of the Circuit Court Office to address an over 30 percent growth in documents processed are the primary factors. It should be noted, however, that over 40 percent of the offices and agencies in this budget category received no increase or were reduced in funding from the FY 2002 Adopted Budget amount.

### **Public Safety**

Public Safety related appropriations represent 8.6 percent or \$8.2 million of the total General Government expenditures. This category includes the Detention Center, Regional Jail Facility, Joint Communications - Emergency Radio System Administration, Juvenile Detention, Juvenile Probation and the Sheriff's Office. The addition of six (6) deputies to address the concerns of 9/11 and population growth and safety concerns at the Detention Center are the major factors in this category's 9.3 percent growth over the FY 2002 Adopted Budget amount.



Concern for the safety of uniformed personnel resulted in increased funding for the purchase of replacement ballistic vests, weapons, radar units and other emergency and safety equipment. The Capital Fund appropriation for Sheriff's vehicle replacement was also increased from \$100,000 to \$200,000 for FY 2003. Public Safety remains a high priority in County operations.

### **Public Works**

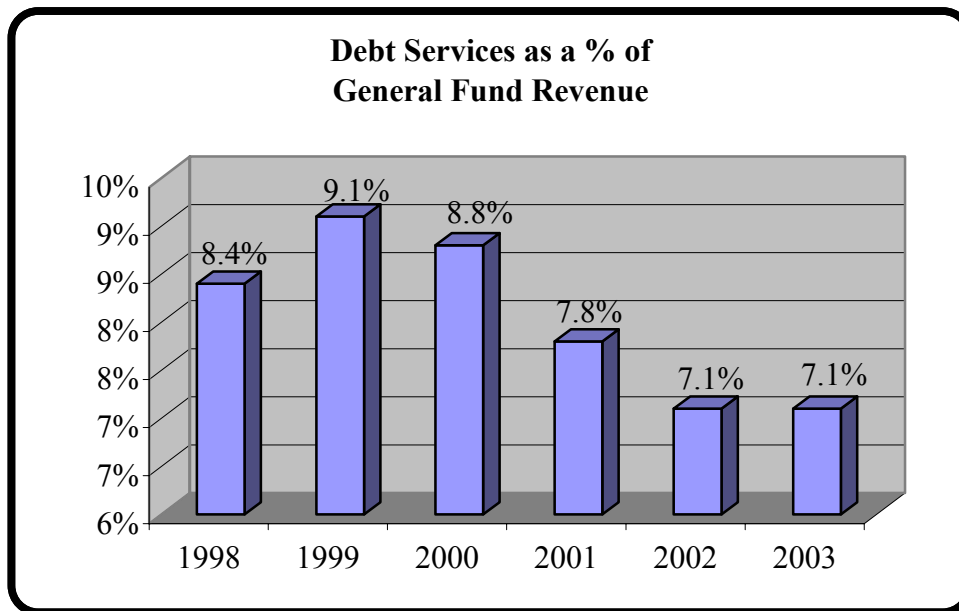
Public Works, consisting of the Solid Waste Convenience Sites and the Department of General Services, represents 4.4 percent or \$4.2 million of the General Fund budget. A relatively small increase of .04% from FY 2002 resulted from the transfer of all Convenience Site personnel expenses to the Environmental Services-Landfill Enterprise Fund. The General Services Department received approval for a Construction Assistant position to provide oversight on the increasing number of major construction and renovation projects.

### **Health and Welfare**

The Health and Welfare related appropriations of \$6.3 million represent 6.6 percent of the total General Fund budget. This is an increase of \$.7 million or 12.5 percent from FY 2002. This financial category includes the Community Services Board, Comprehensive Services Act (CSA) Office, Institutional Care, Public Health and Social Services. State changes in the qualification requirements for vendors providing services and related cost increases for children under CSA will result in over a 19 percent increase in costs for FY 2003. State funding will support approximately 54% of this amount. The other largest element of increase in this category is in Social Services. Due to expanding population and related caseloads, a Program Manager and a Child Protective Service Worker were authorized. Approximately 50 percent of these costs will also be supported by the State.

### **Debt Service**

General Fund Debt Service reflects the FY 1997 lease/purchase of the office building at 320 Hospital Hill that houses five County departments and the School Board. It also includes the lease/purchase funds for the building of a branch library in Bealeton.



The majority, 90.5 percent or \$6.2 million, of the County's total debt service expense is reflected in the School Operating Fund. Planned borrowing in FY 2003 includes: \$6.6 million from the Virginia Public School Authority for the second of three planned borrowings to construct a \$17.2 million new middle school and \$7.4 million from the Virginia Resources Authority to fund the purchase of an emergency public radio system. The debt service impact of these actions will be reflected in the FY 2004 Budget. In analyzing the need for new or upgraded facilities and funding alternatives, the County continues to maintain debt service within the 10 percent of General Fund Revenue guideline established by the Board of Supervisors.

### **School Operating Fund**

The School Operating Fund budget totals \$86.8 million, an increase of \$8.1 million or 10.3 percent. Local County funding transfers increased \$6.9 million or 13.1 percent to \$59.0 million. Over 80 percent of the total General Fund funding increase from FY 2002 was provided to the School Division. The Board of Supervisors' emphasis on education in FY 2003 was shown in its funding of most of the School Division's new initiatives and full funding of the Schools' significant compensation package. The average School Division employee increase will be nine (9) percent that will represent a two-year increase of approximately 14.5 percent. This is extremely important based on the strong competition for teachers in Northern Virginia.

### **Capital Improvements Fund**

The addition to the Capital Improvements Fund, including the Capital Improvements Program (CIP), for FY 2003 totals \$18.1 million. The School Division will receive 56.4 percent or \$10.2 million of the Capital funds. State grants, construction and lottery proceeds constitute \$1.1 million of these funds. School projects include roof and HVAC replacements, minor system replacements such as water treatment facilities, purchase of eight (8) school buses, food service equipment, and approximately \$1.4 million for technology related issues. The most significant School Division issue is the \$6.6 million for the new middle school. Additional support was provided to the School Comprehensive Maintenance Plan (CMP). The CMP addresses facility repair projects under \$50,000. The General Government Capital Fund projects included in the FY 2003 Budget are comprised primarily of \$6.9 million to install an emergency public radio system, replacing Sheriff's vehicles (9), funding technology issues and increasing support to the General County Government and Parks and Recreation Capital Maintenance Plans. Included in the Capital Fund is \$100,000 as the initial step in the Purchase of Development Rights Program to preserve the County's agricultural heritage. As part of the FY 2003 budget process, \$1.7 million in additional projects were funded in the current year from School Division and General County Government construction reserves. These projects included a swimming pool, renovations to the Detention Center office, HVAC projects and repairing tennis courts at Fauquier High School.

### **Fire and Rescue Services Fund**

The Fire and Rescue Services Fund budget for FY 2003 is \$3.9 million or 2.5 percent of the total County budget. This amount represents an increase of \$1.0 million or 35.3 percent growth from FY 2002. The Fire and Rescue Fund consists of two elements: Fire and Rescue Companies and Emergency Services Operations. The importance of providing expanded full time fire and rescue coverage to Fauquier County citizens is reflected in the level of funding provided. With retention of the \$.07 special real estate tax levy, direct funding to the Volunteer Fire and Rescue Companies will increase 57 percent over FY 2002 funding levels. In addition, five (5) additional firefighter/paramedic positions were approved for Emergency Service Operations. This added staff will facilitate a marked increase in daytime and holiday service levels. Ten (10) firefighter/paramedics have been added in the past two years.

### **Airport Enterprise Fund**

For FY 2003, the Airport Enterprise Fund was increased \$2.1 million or 111.5 percent over the FY 2002 Adopted Budget. These funds will be used to lengthen the runway to 5,000 feet and expand other airport support facilities. The State and Federal Government will provide approximately 98 percent of this funding.

### **ECONOMIC DEVELOPMENT**

The primary focus of Fauquier County economic development is promotion of growth through agriculture, technology, low impact manufacturing, foundations, non-profit organizations and tourism. The objective is to expand the economic base by expanding tax revenues and job opportunities. The Offices of Economic Development and Agricultural Development are striving to enhance the economic opportunities for new and existing business. With modest real estate and property taxes, additional industrial and commercial development mitigates the tax burden of the residential taxpayer and enhances community wealth through local investment and the creation of jobs.

Currently, Fauquier County boasts a well-educated labor force of over 31,000 with approximately 2.6 percent unemployment. Over 50 percent of Fauquier County residents commute to employment outside the County. Projections for employment growth through the year 2010 suggest numbers will increase for the region by 44 percent. The median income household income, at \$61,999, is ranked fifth highest in the Commonwealth of Virginia.

To facilitate economic growth, there are several commercial development sites throughout the County. In the past year several new and existing businesses with employees totaling over 200, and with a tax impact in excess of \$250,000, were either encouraged to move to the County or to remain here. Expanded growth in business is currently limited by a shortage of available office space and water and sewer access that must be overcome for economic development to progress. The Economic Development Office is working closely with businesses on these issues and staffs a Utilities Task Force pursuing facility alternatives. To promote the development of businesses, the Greater Piedmont Small Business Development Center located at the Fauquier Campus of Lord Fairfax Community College provides a wide variety of services to local businesses.

Economic growth is being stimulated through tourism. The County recently established a Tourism Advisory Council charged with marketing advertisement through various venues including the Internet to encourage tourism as an economic engine throughout the County.

The Agricultural Development Office has continued to refine and build upon opportunities and successes in the agriculture sector. Promotional efforts, including enhancements to the local agriculture web page and activities such as the Home Grown Dinner and the Small Farm Festival, have resulted in expanding markets for local farmers. These efforts, and others, will strengthen the economic potential of Fauquier County.

## **LOOKING TOWARD THE FUTURE**

This budget addresses many issues identified by the Board of Supervisors; however, there are many competing needs and new resources are limited. While moderate revenue growth and reallocation of existing resources has allowed the County to continue excellent service delivery, many needs have been deferred, and new or enhanced services have been limited. With this in mind, future budgets will have to deal with significant issues such as: population growth, employee health insurance; technology; construction, including new and expanded schools; and the need to balance the compensation requirements of public employees, including teachers, with the expectations of citizens for level tax rates.

To lessen the impact on services from residential growth, the County has appropriated funding in FY 2003 to implement a modest Purchase of Development Rights (PDR) Program. The PDR Program will be funded from revenue generated by tax penalties on land in special use tax categories that is sold for development. It is hoped this program can be expanded in future years to slow the demand for public services in the County's rural areas.

To meet the many challenges and to maintain a proactive financial posture, Fauquier County has developed a Five Year Financial Plan and is planning to obtain a Fiscal Impact Model for operational planning and budget development. Our multi-year projection of revenues and expenditures in the Five Year Financial Plan and the use of a Fiscal Impact Model will permit policy makers and staff to foresee future needs and to plan for managed growth. These instruments will be used to determine the impact of commercial and residential development on the County's infrastructure.

To ensure overall operational and budget focus, the Board of Supervisors has also approved development of objectives and measures to achieve three primary strategies based on the County's Vision Statement. These strategies are:

1. Balance Quality Service with Fiscal Integrity.
2. Manage Growth in a Manner that Protects the County's Agriculture, Environment, Quality of Life, and Historic Resources.
3. Conduct County Government Openly.

Fauquier County has selected the Balanced Scorecard methodology\* as the management system to translate these strategies into tangible objectives, measures and operational terms that everyone can understand. By creating this understanding, County departments and offices can more easily align their activities around the strategies, therefore making strategy everyone's responsibility. This tool will be essential in the development of long-term goals and objectives.

In its effort to provide the highest level of services to our citizens, the Board will continue to examine alternatives to tax rate increases. These alternatives will include a review of all current programs for opportunities to increase efficiency through consolidation or elimination of programs or positions; seeking additional non-tax derived revenue sources; limiting the growth of new programs; and seeking new and innovative ways to better involve the public in the budgeting process.

## **ACKNOWLEDGEMENTS**

I recognize with sincere appreciation the outstanding efforts of the individuals in the Budget Office in preparing this budget and the services of the Commissioner of the Revenue's Office, the Treasurer's Office, the Finance Department and the Revenue Committee.

I look forward to working with the Board of Supervisors to accomplish, in the most efficient manner possible, the priorities that have been established for the County.

Sincerely,

G. Robert Lee  
County Administrator

\*Performance management tool making strategy a continuous process.